

Representation - Draft Modification Report UNC 0865S

Permitting DNOs to charge Shippers negative Supplier of Last Resort (SoLR) unit rates

Responses invited by: **5pm on 09 January 2024**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Tom Stuart
Organisation:	Wales & West Utilities
Date of Representation:	29 December 2023
Support or oppose implementation?	Support
Relevant Objective:	c) Positive d) Positive
Relevant Charging Methodology Objective:	c) Positive

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

As proposer we offer our support for this modification. This modification was raised as a result of Ofgem publishing their minded-to position in October 23 that LRSP claims are likely to be net negative and therefore a change to the UNC was required to permit DNOs to make payments to Shippers to refund net negative claims. This change was required to be made prior to January 24 so that negative charges could be included in the DNOs charging statement, to be published by 31st January 2024.

Ofgem have since published their decision that SoLR claims are to be net positive for the coming regulatory year. Whilst this decision means that this modification is less time critical, Ofgem have not ruled out the possibility of future net negative claims and therefore provisions to deal with this are likely to be needed.

We believe this modification furthers Relevant Objective c) Efficient discharge of the licensee's obligations as it permits DNOs to process claims from Suppliers in accordance with Standard Special Condition A48, and positive for Relevant Objective d) Securing of effective competition (i) between relevant shippers because it allows net negative claims to be paid back to Shippers.

This modification also furthers Relevant Charging Methodology Objective c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging

methodology facilitates effective competition between gas shippers and between gas suppliers.

Self-Governance Statement: *Please provide your views on the self-governance statement.*

We believe this modification meets the criteria for self-governance.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

This modification can be implemented without delay.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

None

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

Yes

Modification Panel Members have requested that the following questions are addressed:

Q1. Consider unintended consequences of allowing positive and negative SoLR charges

None identified.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

None.

Please provide below any additional analysis or information to support your representation

None.